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AICPA *Washington Report*

Volume IV, Issue 17, June 23, 1975

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COMMERCE, DEPARTMENT OF

"Finances of Employee-Retirement Systems of State and Local Governments in 1973-74" is the title of a recent census report prepared by the Social and Economic Statistics Administration. Copies of the report (GF 74, No. 2) are available for \$1.05 from the GPO or from Commerce district offices in major U.S. cities.

ENVIRONMENTAL PROTECTION AGENCY

A two-volume listing of grant assistance awards processed by the agency during the first half of FY 75 is now available. Volume I lists all awards in research, demonstration, training and fellowship. Volume II lists all state and local assistance awards. The two volumes may be purchased for \$11.25 from National Technical Information Services (NTIS) Springfield, VA 22151, telephone 703/321-8544.

An extension for further comments on the proposed changes regarding minimum standards for procurement under EPA grants has been announced. Comments on the proposed changes to Part 35 of the agency's procurement regulations which affect policies and procedures governing procurement of personal and professional services will be accepted until 7/15/75. For further information contact the Director Grants Administration Division, 202/755-2513.

FEDERAL COMMUNICATIONS COMMISSION

Two rulemaking proposals have been issued relating to ownership reporting and disclosure. Docket No. 20522 (Report No. 10791, 6/13/75) proposes to amend the annual report forms for telephone companies, wire-telegraph and ocean-cable carriers, radiotelegraph carriers and for holding companies to provide more comprehensive information on corporate ownership. Changes are proposed to the Identity and Control, Board of Directors and Principal General Officers, and Security Holders and Voting Powers and Election Schedules. Comments are due by 7/28/75, with replies due by 8/8/75.

Docket No. 20521, (Report No. 10790, 6/13/75) proposes rules on ownership reporting and disclosure by publicly-held corporations owning interests in broadcasting stations. The proposal would require the filing of annual ownership and disclosure reports for companies with 500 or more stockholders and discards the present 50 stockholder reporting level entirely. Comments are to be filed by 8/11/75, and reply comments by 8/26/75. For more information, call 202/632-7260.

FEDERAL HOME LOAN BANK BOARD

Thomas R. Bomar, in a surprise move, has resigned as Chairman of the Board. Although no successor has yet been named, one possibility to replace Mr. Bomar, who served with the agency for five years, is Garth Marston, the remaining Republican member of the Board.

Finalized amendments to the FSLIC regulations on ownership reporting were published in the 6/18/75 Fed. Reg., p. 25670. The change will require newly insured permanent stock associations to report ownership or control changes for five years after their accounts are first insured when the changes involve 5% or more of their outstanding stock or proxies.

FEDERAL POWER COMMISSION

Amendments to the uniform system of accounts for electric and gas utilities to require expansion of interperiod tax allocations for depreciation (to the extent not previously provided) and for current tax benefits of construction costs have been issued. Tax allocation shall not apply if not allowed by the respective rate-making jurisdictions. The changes were announced in Order No. 530, 6/18/75, (Docket Nos. R-424 and R-446) and made effective immediately. For additional information, call 202/386-6102.

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

HEWCAS, the trademark for the HEW Computer Audit System, is the subject of a special issue of Footnote, the technical journal of the HEW Audit Agency. This issue consists of articles written by various members of the Agency's staff on the use of the computer in performing audits generally and the development, application and benefits of HEWCAS (tm) in particular. Copies may be obtained from the HEW Audit Agency, 330 Independence Avenue, S.W., Washington, D.C. 20201.

INTERSTATE COMMERCE COMMISSION

A notice from the Bureau of Accounts was sent June 2nd to accounting officers of Class I and Class A carriers on issues related to consolidated reporting. The notice outlines two alternative reporting methods in an effort to answer the broad questions of whether the Commission should require consolidated reporting or continue to permit such reporting at their request and, what rules should be followed in preparing consolidated reports. Comments are to be filed by 8/29/75. For additional information call 202/343-6240.

A proposal to adopt an annual financial report for Class III Common and Contract Motor Carriers of Property suitable to the needs of State regulatory commissions and the ICC has been issued (see 6/16/75 Fed. Reg., p. 25493). Based on the information needs of a majority of State regulatory commissions, the proposed report is designed to reduce the reporting burden for small carriers, provide a concise reporting format, and reduce printing costs to states. Comments are due by 7/18/75.

LABOR, DEPARTMENT OF

Proposed regulations to implement the senior community services employment program were published in the 6/16/75 Fed. Reg., p. 25562. The administrative requirements, standards, and procedures for grants in FMC 74-7 are incorporated by reference. Requirements for independent audits and the maintenance of financial management systems by grant recipients are also included. Comments are due by 7/14/75.

NATIONAL CREDIT UNION ADMINISTRATION

The Annual Report of the Administrator has recently been made available. A portion of the report is devoted to a discussion of the revision to the accounting principles and standards affecting its members. Copies of the report (NCUA 8010) may be obtained by calling 202/254-9825.

Finalized regulations up-dating the conversion procedures from a Federal credit union status to that of state credit union, as well as the conversion from state to Federal status appear in the 6/17/75 Fed. Reg., p. 25583.

RENEGOTIATION BOARD

Richard Holmquist has assumed responsibility as Chairman of the Renegotiation Board. Prior to his appointment to the Board, Mr. Holmquist was senior Vice President of Lone Star Industries in Greenwich, CT. He replaces William Whitehead who resigned from the Board last December.

Christopher U. Sylvester, an attorney, presently Administrative Assistant to Senator Young (R-ND) has been named to be a member of the Board and his appointment is pending confirmation before the Senate Finance Committee.

SECURITIES AND EXCHANGE COMMISSION

The guidelines for FASB Standard No. 6 for classifying commercial paper and debt expected to be refinanced are being adopted in lieu of the regulations in ASR No. 148. Announced in ASR No. 172, 6/13/75, the effective date for the change in regulations is as of 12/26/75, although earlier conformity is encouraged.

In a letter to Chairman Burns of the Federal Reserve Board, three senior Democrats on the Senate Banking Committee have re-enforced the SEC's position with respect to financial disclosures that should be made by banks and bank holding companies. In the June 10th letter, Senators Proxmire (D-Wisc.), McIntyre (D-NH), and Williams (D-NJ) stated that "certain persons who may be speaking for the bank regulatory agencies have fundamentally misconstrued the nature of the financial disclosure requirements in the securities laws." In response to the assertion that increased disclosure by banks would prevent them from raising needed capital, the Senators termed this a "perplexing and pernicious assertion."

In a recent address to the Western Stock Transfer Association, Commissioner Evans noted that the Commission will soon publish a proposed registration form for transfer agents pursuant to the Securities Exchange Act Amendments of 1975 (P.L. 94-29). Mr. Evans also noted that he anticipates performance standards for transfers will take into account the need for transfer agents to respond readily to requests by auditors and members of the securities industry for verification of open transfer items. Finally, he stated that the Commission will consider prescribing standards of financial responsibility through bonding requirements and will decide whether it is appropriate to develop examination or other standards similar to those applicable to broker-dealer employees. The Commission will also consider the need for recordkeeping and early warning report requirements.

TREASURY, DEPARTMENT OF

A hearing on the issue of public inspection of IRS private letter rulings is being held today before the Senate Finance Subcommittee on Administration of the Internal Revenue Code. Senator Haskell (D-Colo.) said that the Subcommittee will make an indepth study of the information concerning this matter which was brought about as a result of

concern in many segments of the financial community by certain court decisions.

William C. Penick, CPA, Chairman of the Institute's Division of Federal Taxation, accompanied by Joel Forster, CPA, Staff Director for the Division, and R. Eugene Holloway, CPA, Chairman of the Taxpayer Privacy Disclosure Task Force, will testify. The Division is opposed to the release of information relating to private rulings unless all identifying details can be eliminated. In the event that this cannot be accomplished, then legislation should be enacted exempting all rulings issued prior to a certain date from such public disclosure.

Tax Reform hearings are now scheduled to begin with the invited panelists being heard on 6/23 and 24. Administration witnesses will be called on 7/8 and 9. Other public witnesses will be scheduled beginning 7/10 and these sessions will continue during most of July. Markup of a bill is tentatively planned for September, following the month-long August recess.

A committee print of the topics under consideration is available by calling 202/225-3625.

The Federal Tax Division is preparing its submission to the Committee.

A Senate Resolution (S. Res. 158) was passed on 6/9/75 clarifying that the individual income tax rebate provided by the Tax Reduction Act of 1975 (P.L. 94-12) is intended not to be subject to State income taxes. The problem arose when the Attorney General of Oregon determined that the Federal tax rebate would be made subject to Oregon State income tax. It has been subsequently reported that the Governor of Oregon has indicated that the provisions of the state tax law which would require this income to be taxed will be waived. No other states are apparently experiencing similar problems with their state income tax laws.

"Statistics of Income 1972 - Estate Tax Returns" (Pub. 764) is a report on estate tax returns filed during calendar year 1973 and presents the most recently compiled and comprehensive data concerning gross estate and its composition, deductions, taxable estate, and tax. Copies may be purchased at \$1.60 per copy from the GPO (S/N 048-004-803-3).

A GAO report entitled "Telephone Assistance to Tax Payers can be Improved" has recently been released by the Joint Committee on Internal Revenue Taxation. It notes some of the shortcomings in the IRS taxpayer assistance program. Copies of the report (GCD-75-69, 6/10/75) may be obtained for \$1.00 per copy from the GAO Reports Department, 202/386-6594.

SPECIAL: PRESIDENT NAMES CPAs TO COMMISSIONS

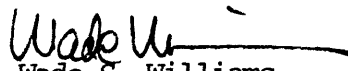
Mark D. Littler, CPA, and Bruce G. Fielding, CPA, have been appointed by the President to the new Commission on Federal Paperwork. Mr. Littler is a retired former partner of Arthur Andersen & Co. in Detroit and will serve as a representative of the public interest, and Mr. Fielding, who heads his own firm in Mountain View, California, will represent the small business views. The Commission is to make a two-year study

of the mounting Federal paperwork burden.

Keith E. Dolgaard, CPA, Chairman of the Board and President of Keith E. Dolgaard and Company, P.C., Tucson, Arizona, was appointed to the Commission on Presidential Scholars. Established in 1964, the Commission chooses Presidential Scholars annually from among persons about to be graduated from public or private secondary schools.

SPECIAL: ACIR MAKES RECOMMENDATION ON TAXATION OF OUT-OF-STATE BANKS

"State and Local 'doing Business' Taxes on Out-of-State Financial Depositories" is the title of a study sent to Congress by the Advisory Commission on Intergovernmental Relations. The report traces the history of multistate taxation of commercial banks, mutual savings banks, and S&L's, and comments that the current out-of-State taxing moratorium "suspends the application of only a few existing state laws and has relatively little direct effect on current revenues." Only the first chapter, Summary and Recommendations, and appendix materials have been sent to Congress. Chapters 2-5 should be ready by July 15th. For copies of the available parts, call 202/382-3221.


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